



# Benefits from CAFTA-DR

## South Carolina

U.S. DEPARTMENT OF COMMERCE  
INTERNATIONAL TRADE ADMINISTRATION  
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South Carolina's export shipments of merchandise—manufactures and non-manufactures—to the CAFTA-DR region (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua) in 2004 totaled \$334 million, the 10th-largest total among the 50 states. South Carolina's exports to the CAFTA-DR region accounted for 2.5 percent of the state's total world exports in 2004, the ninth-largest share among the states and well above the U.S. average of 1.9 percent.

South Carolina's exports to the CAFTA-DR group grew by \$29 million from 2000 to 2004, the 19th-largest dollar gain among the states.

Collectively, the countries of the CAFTA-DR were South Carolina's 10th-largest export destination. Individually, several CAFTA-DR markets are important trading partners for South Carolina. In 2004, Honduras alone received merchandise exports from South Carolina totaling \$113 million and was the state's 19th-largest market. Three other CAFTA-DR countries (El Salvador, the Dominican Republic, and Guatemala) ranked among South Carolina's top 30 export markets that year.

### CAFTA-DR Provides Enhanced Market Access to the Dominican Republic and Central America

CAFTA-DR will boost opportunities for South Carolina's exporters throughout the region, providing new market access for the state's products. More than 80 percent of U.S. exports of consumer and industrial products to Central America and the Dominican Republic will be duty-free immediately upon entry into force of the agreement, with remaining tariffs phased out over 10 years. Key U.S. exports, such as information technology products, agricultural and construction equipment, paper products, chemicals, and medical and scientific equipment, will gain immediate duty-free access to Central America and the Dominican Republic.

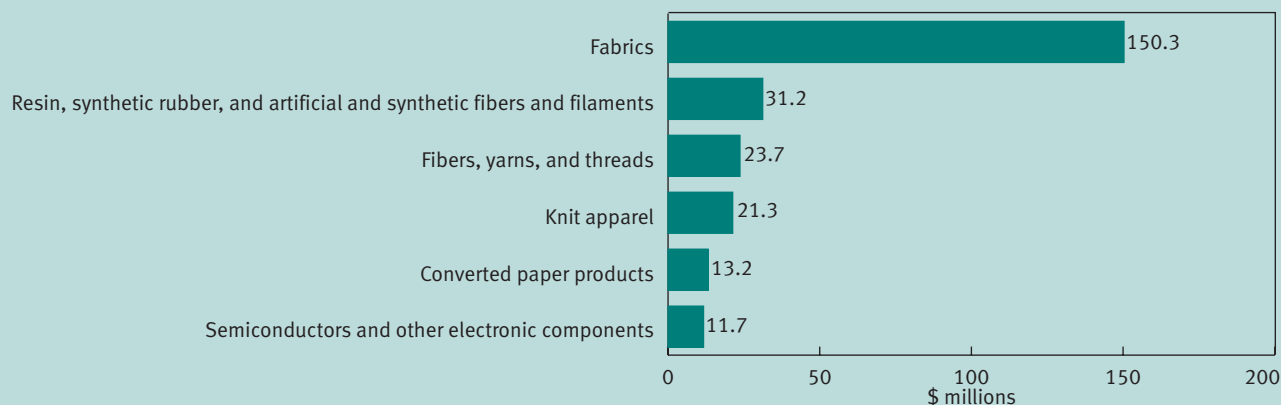
### CAFTA-DR Moves the Trading Relationship from One-way Preferences to Reciprocity

For 20 years, most Central American and Dominican Republic exports to the United States benefited from

*Continued on reverse*

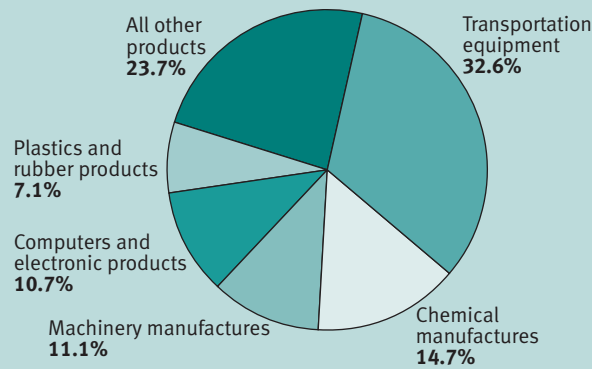
### South Carolina Exported \$329.2 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004

*Textile Categories Lead Exports*



## South Carolina Exported \$13.4 Billion in Goods to the World in 2004

*Transportation Equipment Accounts for Nearly One-Third*



Source: U.S. Department of Commerce.

duty-free treatment, primarily as a result of the Caribbean Basin Initiative (CBI). Currently about 80 percent of the region's exports enter the United States duty-free, while U.S. goods exported to the CAFTA-DR countries face significant tariffs.

## CAFTA-DR Improves the Competitiveness of South Carolina's Textile Manufacturers

In 2004, South Carolina's exports of fabric mill products to the CAFTA-DR region were valued at \$180 million, more than half of the state's total exports to the region. This represents a 286 percent increase over 2000, when exports in this category were less than \$47 million.

CAFTA-DR provides regional garment-makers—and their U.S. suppliers of fabric and yarn—a critical advantage in competing with Asia. Garments made in the region will be duty-free under the agreement if they use U.S. fabric and yarn, thereby supporting U.S. exports and jobs. Textile and garment factories in Central America and the Dominican Republic purchase large amounts of fabric and yarn from the United States: the region is the second-largest world market for these U.S. products.

## CAFTA-DR Opens Markets for Other Key South Carolina Exports

Manufactures accounted for 99 percent of South Carolina's total merchandise exports to the CAFTA-DR region in 2004. Fabrics (\$150 million); resins, synthetic rubber, and artificial and synthetic fibers and filaments (\$31 million); fibers, yarns, and threads (\$24 million); knit apparel (\$21 million); and converted paper products (\$13 million) were some of South Carolina's leading manufactured exports that year.

**Chemical manufactures.** Chemical manufactures were South Carolina's second-ranked export to the CAFTA-DR nations in 2004 after fabric mill products, accounting for 12 percent (almost \$40 million) of total exports. The state's exporters of chemicals and related products will benefit from CAFTA-DR tariff reductions. Tariffs on resins, artificial and synthetic fibers and filament, and other high-value chemical products such as residual pharmaceuticals, medications, and insecticides/herbicides, will, in most cases, be phased out immediately or over five years.

**Paper products.** Paper products accounted for 5 percent of South Carolina's exports to the region, totaling almost \$17 million in 2004. Overall, 78 percent of U.S. paper exports to Central America and the Dominican Republic will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on high-value paper products, including writing paper, coated paper, paperboard, cartons, and boxes, will, in most cases, be phased out immediately or over five years.

## South Carolina's Exports Were Spurred by Past Trade Agreements

Since the North American Free Trade Agreement (NAFTA) was signed in 1993, South Carolina's combined exports to Canada and Mexico have increased by 216 percent. In the first year of the U.S.-Chile FTA, South Carolina exports to Chile increased by almost 92 percent.

The Central American–Dominican Republic Free Trade Agreement (CAFTA-DR) group consists of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua.

All state export data in this report are based on the Origin of Movement (OM) series. This series allocates exports to states based on transportation origin—i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Thus conclusions about “export production” in a state should not be made solely on the basis of the OM state export figures.

Source: Bureau of the Census, U.S. Department of Commerce, Origin of Movement series.

Prepared by the International Trade Administration, U.S. Department of Commerce.